

# 2008-2009 PERFORMANCE PLAN – INTERIM CHIEF EXECUTIVE OFFICER (K. Marzion)

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## *Qualitative Performance Measures*

Weight	Factor	Performance Measure	Incentive Schedule	1 <sup>st</sup> and 2 <sup>nd</sup> Quarter Status Update
45%	Annual Plan Priorities	By, June 30, 2009 or as indicated, complete the following strategies as identified in Annual Plan Projects	From Schedule	
		<p><b>Customer Service</b></p> <ul style="list-style-type: none"> <li>By June 30, 2009 complete 85% of cross-divisional Escalated Customer Inquiries within 10 days (objective shared by AESB, MBSB, HBB).</li> <li>By September 30, 2008 complete demographic assessment of Northern California Counties and determine if customer service levels are consistent with other counties served throughout the state. If customer service levels are below the desired level, by June 30, 2009 implement initiatives to ensure a higher level of customer service to Northern state members.</li> <li>Continue to implement our 4-year plan (ending 2010-11) to expand the Retirement Planning Fairs so every member has the opportunity to attend an event. By June 30, 2009 increase attendance at Retirement Planning Fairs by 50% over 05/06.</li> </ul>		<p><u>1<sup>st</sup> Qtr</u> Division Dash Boards have been established. The overall average for first quarter was 93%.</p> <p><u>2<sup>nd</sup> Qtr</u> Completed in first quarter</p> <p><u>1<sup>st</sup> Qtr</u> Assessment completed on schedule. The Assessment demonstrated service levels in northern California were well below other counties. Staff is currently developing initiatives to increase the service levels.</p> <p><u>2<sup>nd</sup> Qtr</u> The assessment completed in the first quarter demonstrated lower service levels in the Northern California counties. Staff have been directed to submit a formal budget request for consideration in the 2009/10 budget process.</p> <p><u>1<sup>st</sup> &amp; 2<sup>nd</sup> Qtr</u> In 2008 staff conducted 23 Retirement Fairs in 20 cities. During the first 3 years of the 4 year plan, we have increased our attendance by 59% thereby exceeding our goal of 50% increase in 4 years.</p>

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	Annual Plan Priorities (cont.)	<p><u>Health</u></p> <ul style="list-style-type: none"> <li>Develop a staffing and resource plan for the Health Benefits Branch that allows it to effectively meet the Board's current and future strategic agenda as well as ongoing workload. The plan should assess the need for increased budgetary and personnel authority, and provide recommendations in this regard. The future implications of PSR/ETM for the workload of the Branch should also be considered. The CEO shall provide the Board with a report by March 31, 2009.</li> <li>Ensure that the Health Benefits Programs' goals and priorities are aligned with Board direction. Work with the HBC Chair to manage the structure and content of the July 2008 offsite to achieve this result. Provide the Board with a renewed strategic direction by the September 2008 HBC for approval.</li> <li>Ensure that employee and employer groups are appropriately involved / consulted on development of new program changes and directions, and determine what utilization data can be shared with them during rate renewals for the 2010 plan year. Obtain Board approval of the approach and plan by September 2008.</li> <li>Expand outreach by a) incorporating member health cost/quality education component into 2009 Retirement Planning Fairs b) speaking at member and employer organization conferences; developing frequent content for member and employer organization newsletters that provides ongoing context for the Board's efforts to protect members' health security.</li> </ul>		<p><u>1<sup>st</sup> &amp; 2<sup>nd</sup> Qtr</u> Per the Board President, this item is to be delayed until the new Chief Executive Officer is in place. Prior to the new direction, staff had met with three consulting firms including Grant Thornton, Mercer and KPMG to understand their capabilities in this area. A proposal was received from KPMG and is available should this process move forward.</p> <p><u>1<sup>st</sup> &amp; 2<sup>nd</sup> Qtr</u> The goals and priorities of the Board in relation to CalPERS' Health Benefits Programs were discussed at the July offsite. The discussion framed the potential structure and content to ensure alignment. At the August Health Benefits Committee, a strategic direction document was presented for approval in August. It was brought back in September for further refinement and will continue to be discussed at subsequent committee meetings until it is approved.</p> <p><u>1<sup>st</sup> &amp; 2<sup>nd</sup> Qtr</u> At the December 2008 Health Benefits Committee meeting, the Office of Public Affairs (PAOF) and Health Benefits Branch (HBB) presented to the Committee a proposal to implement a 12-month campaign to increase awareness and educate employees, employers, labor groups, and other constituents about CalPERS health care trends and costs. This plan was approved at that time.</p>

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## Qualitative Performance Measures (cont.)

Weight	Factor	Performance Measure	Incentive Schedule	1 <sup>st</sup> and 2 <sup>nd</sup> Quarter Status Update
	Annual Plan Priorities (cont.)	<ul style="list-style-type: none"> <li>Continue staff efforts utilizing regional councils to inform and engage select communities regarding the cost of health care and what local members can do with CalPERS to make local health providers more accountable and responsive. Plan to be approved by the HBC by October 2008.</li> <li>Conduct a Board workshop on the potential options for design and implementation of a single administrator model for managing the CalPERS health program. Work with the HBC Chair to determine structure and content of the workshop to be held on August 19, 2008.</li> </ul>		<p>PAOF is coordinating key elements of this campaign with monthly data supplied by the Health Care Decision Support System (HCDSS), a key tool for negotiating health premium rates, monitoring health care costs and utilization, and measuring health and wellness outcomes. In collaboration with the Office of Health Policy &amp; Program Support (HPPS), PAOF will implement the campaign in a phased approach based on the availability and subsequent analysis of HCDSS data by HPPS. In this campaign, we will base the information we disseminate to our members, employers, and other key stakeholders on the HCDSS data and analysis the Committee receives each month from HPPS. That way, we can keep our constituents up-to-date and in step with the information the Board receives. In addition, during the 08/09 Fiscal year staff have spoken at several employer and member conferences about the CalPERS health program.</p> <p><u>2<sup>nd</sup> Qtr</u> In partnership with Blue Shield of California, HBB staff has conducted 2 regional council meetings in Solano County. The goal of these meetings were to inform the community on the progress on negotiations with North Bay Hospital. As of today, there are no further regional council meetings scheduled given that North Bay hospital has agreed to the contract term of CalPERS and Blue Shield.</p> <p><u>1<sup>st</sup> &amp; 2<sup>nd</sup> Qtr</u> The Single Administrator workshop was held on August 19, 2008. Thereafter, two briefing documents on Single Administrator were prepared and additional Single Administrator presentations were held at the October HBC meeting.</p>

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## Qualitative Performance Measures (cont.)

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	Annual Plan Priorities (cont.)	<ul style="list-style-type: none"> <li>Control and manage health data assets. Attend to the Board and constituent interests regarding transparency and effective use of this asset. Provide a plan for approval by the Board by February 2009.</li> </ul>		<p><u>1<sup>st</sup> &amp; 2<sup>nd</sup> Qtr</u>  The HBB staff has developed a schedule of presentations to be presented to the Board that provides data for the purposes of informing and decision making. The schedule and topics are as follows:</p> <ul style="list-style-type: none"> <li>Pharmacy – Encourage use of generic vs. brand name drugs, and mail order options for maintenance medications (Feb 2009)</li> <li>Provider usage – Reduce chance of being admitted to the hospital by seeing a physician regularly and using emergency rooms appropriately (Mar 2009)</li> <li>Preventive care – Promote routine screening exams (Apr 2009)</li> <li>Regional variations – Identify variances in high-cost conditions, such as bone and joint disorders and maternity care, at facilities across the State (May 2009)</li> <li>Demographics, use and cost – Identify which groups of members are using the system and how, and the cost associated with that usage (June 2009)</li> <li>Continuum of care – Highlight how effectively providers and members manage chronic illness (Aug 2009)</li> </ul>

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## Qualitative Performance Measures (cont.)

Weight	Factor	Performance Measure	Incentive Schedule	1 <sup>st</sup> and 2 <sup>nd</sup> Quarter Status Update
20%	Special Projects	<p>Complete special projects identified by the Board, meeting performance objectives established by the Board at the time of assignment. This will include acting on emerging issues in a manner that maximizes the potential benefit and minimizes the risk to CalPERS. Report to the Board on actions taken.</p> <p>It was determined at the July Board Offsite that the Employee Account OPEB Trust measure would be revisited after PSR has been completed.</p> <p><b>1. <u>Establish a CalPERS Enterprise Privacy and Security Program</u></b> By June 30, 2009 establish and implement an Enterprise Privacy and Security Program at the Executive level that includes the following:</p> <ul style="list-style-type: none"> <li>• Create and obtain approval of an Executive CEA level Security/Privacy Officer</li> <li>• Develop a long-term enterprise security and privacy strategy or vision, and begin developing an overarching enterprise security and privacy plan that will be completed and approved in FY 09/10.</li> <li>• Eliminate the Privacy and Security fragmentation in CalPERS.</li> <li>• Consolidate and coordinate enterprise wide documentation of privacy and security policies, procedures, practices, standards, guidelines and reporting, to ensure compliance with current State of California guidance and State Administration Manual.</li> <li>• Develop and implement an overall security and privacy planning and communication process.</li> <li>• Design an effective organizational governance structure to improve decision-making and accountability</li> </ul>	From Schedule	<p><u>1<sup>st</sup> Qtr</u> Clarified the policy related to external exchanges of information.</p> <p>Developed and obtained approval of a request to the Department of Personnel Administration to establish a CEA III position to manage and implement a Privacy and Security Program within CalPERS.</p> <p>Developed an integrated, centralized breach process that focuses on risk identification and mitigation, and centralization of policies and practices.</p> <p>Developed a Governance and structured decision making process.</p> <p>Developed an internal fax policy related to the use and transmission of confidential information.</p> <p>Implemented an automated tool designed to identify and quarantine the transmission of confidential information via email.</p>

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## Qualitative Performance Measures (cont.)

Weight	Factor	Performance Measure	Incentive Schedule	1 <sup>st</sup> and 2 <sup>nd</sup> Quarter Status Update
	Special Projects (cont.)	<p>2. <u>Wellness at CalPERS</u> By December 31, 2008, develop and offer CalPERS employees an enhanced Wellness Program. The enhanced Wellness Program shall provide opportunities for broad employee involvement, and include components addressing exercise, nutrition, weight loss and health screening.</p> <p>3. <u>Enterprise Workload</u> By March 31, 2009, develop and begin implementation of a comprehensive process for monitoring and managing ongoing enterprise workload and other initiatives.</p>		<p><u>2<sup>nd</sup> Qtr</u> The new Security and Privacy Officer was hired effective January 12, 2009 paving the way for the development of an overarching enterprise security and privacy plan to be put in place by June 30, 2009.</p> <p><u>1<sup>st</sup> Qtr</u> In order to enhance the CalPERS Wellness Program, the Win with Wellness Campaign was initiated in the first quarter. The campaign featured free onsite health screenings at an event held on September 11<sup>th</sup> and 12<sup>th</sup>. There was a total of 698 staff that participated in the two-day event. A post screening survey indicated the event was very well received and staff expressed appreciation that CalPERS is concerned about their health and well-being. The enormous success of the screenings was a result of a collaborative effort with our health partners, Kaiser, Blue Shield, and Anthem Blue Cross.</p> <p><u>2<sup>nd</sup> Qtr</u> The 12 week challenge kicked off during the second quarter. We continued our partnership with the Health Plans. Employees enrolled in Choose Your Challenge and Plot Your Progress. Eighty-four percent of those enrolled chose to lose weight as their challenge. CalPERS Fitness Center membership increased to 770. Over 200 employees participated in walking clinics. As of December 10, 2008 over 380 employees took the online Health Risk Assessment.</p> <p><u>1<sup>st</sup> Qtr</u> The Managing Workload Task Force developed a conceptual process for ongoing enterprise workload management that was approved by the Executive</p>

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## Qualitative Performance Measures (cont.)

Weight	Factor	Performance Measure	Incentive Schedule	1 <sup>st</sup> and 2 <sup>nd</sup> Quarter Status Update
	Special Projects (cont.)			<p>Staff in September. Activities completed include identification and analysis of workload-related emerging issues; review of existing governance processes to determine integration points; governance process mapping; and identification of process triggers, decision criteria, and stakeholder roles and responsibilities. The Task Force is currently continuing to refine the process and developing an implementation plan for Executive approval in December, and is on target for roll-out to the enterprise by March 2009.</p> <p><u>2<sup>nd</sup> Qtr</u> The Enterprise Workload plan was completed and presented to Executive Staff on December 9 and 23, 2008. The Managing Workload Task Force will be providing additional briefing information to the new Chief Executive Officer at which time a path forward will be determined.</p>
20%	Pension System Resumption Project	<p>The Pension System Resumption (PSR)/ Enterprise Transition Management (ETM) and Public Employer Readiness Team (PERT) Projects will be on track for operational implementation by Spring 2010 as measured by the following key milestones:</p> <p><b>By September 30, 2008:</b></p> <ul style="list-style-type: none"> <li>Approve the revised ETM Project scope, budget and staffing plan and complete initial organizational readiness assessment.</li> </ul> <p><del>By December 30, 2008</del> <b>By March 31, 2009:</b></p> <ul style="list-style-type: none"> <li>Ensure PSR design activities are on schedule and the second ETM Change Readiness Assessment is complete.</li> </ul> <p><b>By March 31, 2009:</b></p> <ul style="list-style-type: none"> <li>Ensure implementation of new IT operational processes critical to PSR at "go live" is on schedule <del>and the third Change Readiness Assessment is complete.</del></li> </ul> <p><b>By June 30, 2009:</b></p> <ul style="list-style-type: none"> <li>Ensure scheduled PSR development activities, the Employer Education Web Conference Series and regulatory changes required to support PSR</li> </ul>	From Schedule	<p><u>1<sup>st</sup> &amp; 2<sup>nd</sup> Qtr</u> The detailed design specifications for all PSR functionality, with the exception of the Financial Services Integration, were completed and approved on December 22, 2008. The Financial Services Integration was approved by the Board in November 2008 and the Detailed Requirements Definition were completed by December 31, 2008.</p> <p>The revised ETM Project scope and budget were approved by the Board on September 17, 2008. The Project schedule was re-baselined on September 30. The Project team presented the Division-specific Change Readiness Assessment (CRA) findings and recommendations to each Division Chief. The Enterprise level results were presented to the Business Owners Committee</p>

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## Qualitative Performance Measures (cont.)

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	Pension System Resumption Project (cont.)	<ul style="list-style-type: none"> <li>are complete.</li> <li><del>Ensure final completion of ETM Change Readiness Assessment and the Organization Readiness Plans</del></li> </ul> <p><b>To be completed in 2009/2010:</b></p> <ul style="list-style-type: none"> <li>Ensure completion of third Change Readiness Assessment</li> </ul> <p><u>Ensure final completion of ETM Change Readiness Assessment and the Organization Readiness Plans</u></p>		<p>(BOC) on September 18, 2008 and to the Steering Committee on September 24, 2008. In addition, Branch level summaries were presented to the Assistant Executive Officers to ensure awareness and engagement at all levels. The analysis and survey questions are being developed for the second Change Readiness Assessment (CRA); the second ETM Change Readiness Assessment is scheduled to be conducted in January.</p> <p>The PSR development activities are currently on schedule to be complete by June 30, 2009. This schedule is expected to change based on the approval of the FSIP Project Budget in December. The Employer Education Web Conference Series is on schedule for completion by June 30, 2009.</p> <p>The preliminary Division Transition Plans and final Change Readiness Assessments are on schedule for completion by June 30, 2009.</p>



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Weight	Factor	Performance Measure	Incentive Schedule	1 <sup>st</sup> and 2 <sup>nd</sup> Quarter Status Update
15%	Enterprise Leadership and Management Communication	<p>By December 31, 2008, complete a program of frequent and consistent communications on program activities, challenges and emerging issues. Program to receive satisfactory ratings from the Board, Senior Management, Staff and Constituent Group Leaders through satisfaction surveys.</p> <p>At a minimum the program will include:</p> <ul style="list-style-type: none"> <li>• Monthly communiqués to staff</li> <li>• As needed or requested, update to Board members outside of Board week</li> <li>• Weekly executive staff meetings with focused outcomes</li> <li>• Periodic updates or meetings with Division Chiefs</li> <li>• Leadership in ensuring that constituent group needs are raised and facilitated</li> </ul> <p>By January 31, 2009, develop and implement phase 2 of the communications program, using input and feedback from audiences. Re-survey by June 30, 2009.</p>	From Schedule	<p><u>1<sup>st</sup> Qtr</u> In addition to the monthly electronic update that is sent to all CalPERS Staff, "Keeping You in the Know", the CEO and Board President addressed more than 250 CalPERS managers at the Fall Leadership Town Hall in early September 2008. Updates were provided on a variety of critical, emerging issues; such as, the State's fiscal environment; pending legislation; DB/DC and fiscal crises at the local government level; myCalPERS project status; and recruitments for key Executive staff. Feedback was extremely positive, with more than 80 percent of respondents noting that the "most value" from the event was hearing about current issues directly from the CEO and Board President.</p> <p><u>2<sup>nd</sup> Qtr</u> Phase 2 has been completed and is being implemented under the new Chief Executive Officer's leadership. It will include a continuation of Phase 1 and add video messages to staff from the CEO, a CEO mailbox and "coffee with staff".</p>
100%	Total	Qualitative Measures		